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C O N F I D E N T I A L SECTION 01 OF 03 NASSAU 000659

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TAGS: CPAS CASC PREL ECON KPAO BF

SUBJECT: EARLY REACTION TO NEW U.S. PASSPORT REQUIREMENT --
PRIVATE DISMAY

REF: A. STATE 61244

B. STATE 61416

C. STATE 61417

Classified By: Deputy Chief of Mission Robert Witajewski, Reasons 1.4
(b) and (d)

SUMMARY

11. (SBU) The announcement of the Western Hemisphere Travel Initiative (WHTI) on April 5 elicited a mixed response from Bahamians. The Minister of Immigration is hopeful that the new requirement will aid his efforts to gain adoption of a new, more secure document/passport for Bahamians. The Ministry of Tourism's number two official, Permanent Secretary Colin Higgs indicated it would be publicly

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supportive of the increased security offered by the passport requirement, but privately expressed its concern that potential "impulse travelers" would be discouraged from visiting The Bahamas. Foreign Minister Fred Mitchell took the news without comment but agreed to focus on positive aspects of the program such as reduced delays in processing at pre-clearance facilities. The CEO of Atlantis/Paradise Island and the Managing Director of the Radisson Hotel in conversations with Ambassador and Deputy Chief of Mission expressed very serious concerns that the program would have an adverse economic effect and that nine months was too short a time to implement the plan. Bahamian electronic media carried reports of the new proposal; one of the country's two largest newspapers carried the story in its Miami Herald section, but not in its local editions.

END SUMMARY

12. (U) The Embassy publicly announced the Western Hemisphere Travel Initiative on April 5 in a press release. The Ambassador brief Foreign Minister Fred Mitchell during an April 4 luncheon, while the Deputy Chief of Mission briefed Immigration and Tourism officials. All of the Bahamian officials respected the noon, April 5, news embargo.

Immigration: Action Could Spur New Passport Movement

13. (SBU) Minister of Immigration Vincent Peet believed that the new regulations may provide an incentive for he and his Bahamian Cabinet colleagues to speed up the decision-making process regarding the adoption of new, high-tech passports for Bahamian citizens, a topic which has been under consideration for at least three years. Peet said that he and the MFA will advocate for prompt adoption of machine readable passports with an upgrade capability to biometrics. The Minister expressed his appreciation for the advance notice and stated that he is pleased that he will not be surprised when asked by the press about the new regulations. Minister Peet did not express concern for any negative impact on The Bahamas as a result of the new passport requirements.

Tourism: Worried About Impact on Impulse Travelers

14. (SBU) Colin Higgs, the Permanent Secretary at the Ministry of Tourism (the number two official in the Ministry) indicated to DCM that his main concern was with "impulse travelers" from the U.S. who lack a passport but decide on a Thursday to fly to The Bahamas on Friday for the weekend. DCM responded that given that most of these travelers are now from major metropolitan areas along the East Coast, it is likely that many of such travelers would already possess passports. DCM emphasized that there will be an intense publicity campaign in the U.S. to educate and inform all potential international travelers of the new regulations. He encouraged the Ministry to begin its own notification campaign on government, industry, and specific hotel web sites. DCM and Economics Officer also explained that the Embassy will initiate an intensive and sustained campaign to disseminate information on the law change to the tens of thousands of U.S. citizens who live in The Bahamas. At the conclusion of the briefing, Higgs promised that when asked, he would put a positive spin on the changes, emphasizing that the passport requirement will provide a higher level of

security for all travelers.

15. (U) Prime Minister Christie and Foreign Minister Mitchell were also given advance notice of the announcement. Neither had comments or questions. The Foreign Minister agreed to keep a positive tone if asked.

Hoteliers: "A Real Disaster"

16. (U) Paul O'Neil, CEO of the Atlantis resort on Paradise Island, contacted the Embassy April 5 for more information. Mr. O'Neil expressed to DCM his serious concerns about the proposed implementation timetable.

17. (C) In separate conversations the next day with Ambassador and DCM on April 6, O'Neil characterized the proposed January 1, 2006, implementation date as "a potential financial disaster." O'Neil explained that less than half of their U.S. guests currently possess passports, that over 100,000 rooms had already been booked by U.S. clients for 2006 that it would be a logistical nightmare to try to contact them to advise them of the need to obtain passports. (Atlantis has over 3,000 rooms and is in the process of a \$1 billion expansion that will take its capacity to over 4,000.) Ambassador advised O'Neil to use the period of public comment on the proposed rule to make known his company's concerns about the proposed rule's impact rather than engage in a public debate. O'Neil agreed that he would be sending a letter laying out his company's concerns. Providing additional details to DCM, O'Neil said that he and others in the industry would make clear to Washington the impact of the proposed rule to an industry that was "the lifeblood of the Caribbean (and) The Bahamas." O'Neil declared that the industry "was beside themselves" at the announcement, felt that they had not been properly consulted, and believed that the impact on their business would be "just awful." O'Neil confirmed that they had already engaged their Washington attorneys and lobbyists to seek to delay implementation "for a couple of years."

18. (C) Separately, Sol Kerzner, founder and chairman of Kerzner International, met with Ambassador the evening of April 6 to ask our assistance in delaying implementation of the proposed passport rule. This was the first meet with Sol Kerzner who owns the Atlantis-Paradise Island resorts and spend most of his time off island.

19. (C) Another prominent Bahamian hotelier and head of the tourist promotion board, George Myers, questioned DCM on April 6, asking rhetorically, "Have you guys gone totally bananas? What on God's earth are you trying to do to us (with this proposed regulation)?" Mr. Myers similarly claimed to have been unaware of any industry-USG consultations. Asked what his preferences would be, Myers suggested at a minimum delaying any implementation of the rule until 2007 so that hotel owners and operators would have more time to inform and educate the public. Myers pointed out that much of the industry's business was group or convention based arranged through wholesalers and intermediaries and in these cases the hotels would not have any ability to contact guests individually to advise them of the proposed passport requirement. Myers thought that hoteliers in The Bahamas separately, and as a member of the Caribbean Hotel Association would all register objections to a January 1, 2006, implementation date. Ending the conversation, Myers jokingly asked if the new regulation and implementation date was really conceived of by "Hawaiian and Puerto Rican hotel owners as a way to drive us out of business and keep it all at home?"

COMMENT

10. (U) While the announcement was covered in both the print and broadcast media, the initial public response in The Bahamas has been muted. There is a good possibility that the tone of public comment will turn much more negative in the coming days as the implications of the proposed new rule sink in. Initial industry reaction in private has already been sharply critical. As expected, with almost five million U.S. citizens visiting The Bahamas annually, the hotel component of Bahamas' tourist industry -- the engine of the Bahamian economy -- is the most concerned about the impact of the new passport requirement on their share of this huge market. Their objections and requests to delay implementation will increase dramatically at the first sign of problems or backlogs in passport issuance by the Department -- or when peak-season Thanksgiving and Christmas reservations begin to be canceled by clients who didn't get the word and are thus unable to travel.

ROOD